The Water Utility Enterprise

Final — June 1991

Santa Clara Valley Water District

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Board of Directors:

Water is one of our most important resources. It impacts very basic elements of our lifestyles. The value of this resource is highlighted as Santa Clara County copes with this fifth consecutive year of drought. To manage the current limited supplies, the District has both implemented a 25 percent water use reduction program and purchased additional water.

For the future, increased development relying on a finite resource requires planning and adjustments. The District is currently developing its long term water supply management plan to adjust to changes in conditions since the District's 1975 Water Supply Master Plan. Meanwhile, the expansion of the District's In-County Distribution System continues, and water quality programs are expanding to accommodate the District's commitment to providing high quality water.

To implement necessary programs and manage revenue losses from the water use reduction program and cost of purchasing additional water, the water rates were raised. For the next fiscal year beginning July 1, 1991 the District Board of Directors set the groundwater rates for municipal and industrial water for Zones W-2 and W-5 at $262 and $117 per acre-foot, respectively, the treated water charge at $332 per acre-foot, and the agricultural rates, unchanged from last year, at $43.75 and $11.50 per acre-foot for Zones W-2 and W-5, respectively.

Ronald R. Esau
General Manager

June 1991

This is the twentieth annual report on the status of the Santa Clara Valley Water District's Water Utility Enterprise. The report provides the following information:

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Executive Summary

Local Supply

Santa Clara County is in the fifth consecutive year of drought. The miracle March rain brought rainfall to about 83 percent of normal and the local water storage in District reservoirs to 30 percent of capacity. Imported water stored in District reservoirs increased the total storage to 35 percent of capacity.

Imported Supplies

The Bureau of Reclamation decreased entitlement deliveries by 75 percent. However, they granted the District 10,250 acre-feet of hardship water to bring the total CVP deliveries to the District to 48,250 acre-feet for 1991. The State Water Project reduced entitlement water deliveries by 80 percent for a total delivery of 19,000 acre-feet. The remaining 26,000 acre-feet of water purchased from Yuba County in 1989 was delivered early in 1991. The District purchased 20,000 acre-feet of water from the State's emergency water bank and about 12,000 acre-feet of water from Placer County. The San Francisco Water Department adopted a 25 percent water use reduction program and will deliver about 57,000 acre-feet to retail agencies in the northern part of Santa Clara County in 1991. Thus the total imported water supply for calendar year 1991 is 182,250 acre-feet.

Water Supply Management

On March 26, 1991 the District's Board of Directors adopted a 25 percent water use reduction program for the County. The District Act was amended in 1989 to allow for the establishment of higher water rates associated with over production in a critical groundwater zone. Because storage in the groundwater subbasins is not expected to decrease under the adopted water use reduction program, the District did not establish overproduction charges this year.

Water Utility Management

District management extensively evaluated program alternatives to determine the best water management program for the coming year. To offset the impacts of lost revenues and additional costs exacerbated by continuing drought, the District delayed some of its programs and facility construction and plans to seek bond financing for capital improvement projects.

Construction Programs

Construction of Calero Pipeline was completed in October 1990; Mountain View Distributary was completed in January 1991. Milpitas Pipeline is in the design phase and scheduled to be advertised in fiscal year 1991-92. Engineer's Reports and environmental documents for Parallel East Pipeline, East Reservoir and Delivery Main, and Maple and San Pedro Recharge Facilities have begun. The construction of Coyote Dam Outlet Works is scheduled for completion in January 1992. The field portion of Phase I of the Raw Water Control System is scheduled for completion in October of 1991; the design for the computer portion of Phase I is complete; the planning activities for Phase II are scheduled to begin in fiscal year 1991-92.

Water Quality Programs

The District's programs to protect water quality and the groundwater subbasins continue to expand. Expenditures include: oversight of the investigation and cleanup of fuel leaks, coordination with the Regional Water Quality Control Board on the investigation and cleanup of solvent cases and landfills, nonpoint source pollution control program, sealing of abandoned wells, wellhead protection program, development of watershed management programs, participation in the State Water Resources Control Board's Bay Delta Water Quality Control Plan process, and implementation of corrosion control and disinfection by-product studies.

Financial Management

Based on projected revenues and expenditures, an increase in water rates is needed. This is due to loss in revenue from the 25 percent water use reduction program and continued costs of the drought, various program additions, and increases essential to guarantee the necessary water supply and quality. These include developing a new water supply master plan, quantifying groundwater supply, protecting groundwater quality, improving treated water quality, and adequately operating and maintaining the District's facilities. Also, further changes in the pricing policy by the Bureau of Reclamation increased the District's payments for San Felipe water.

Revenue Bonds

Long-term financing is utilized in the Water Utility to stabilize rates affected by long-term capital improvement projects. This year, fiscal year 1991-92, ten million dollars in bond financing is planned.

Water Charges

Following meetings with the Water Retail Agencies, the Agricultural Water Advisory Committee, and the Santa Clara Valley Water Commission, the District Board of Directors adopted water charges for 1991-92 which are shown at the end of this report. Zone W-2 groundwater charges and equivalent basic user rates for 1991-92 are $262 per acre-foot for municipal and industrial water and $43.75 per acre-foot for agricultural water. Treated water charges are $332 per acre-foot. Zone W-5 groundwater charges and equivalent basic user rates for 1991-92 are $117 per acre-foot for municipal and industrial water and $11.50 per acre-foot for agricultural water.

1989 District Act Amendments

The 1989 District Act Amendments effected changes in two sections. Section 26.5 was amended to provide that this annual report could recommend not only that a groundwater charge be levied in a zone or zones at fixed and uniform rates, but:

> ". . . rates, as applied to operators who produce groundwater above a specified annual amount, [which] may be subject to prescribed, fixed, and uniform increases in proportion to the increases by that operator in groundwater production over the production of that operator for a prior base period to be specified by the board."

The Section 26.5 amendment further provides that this report cannot recommend such proportional rate increases:

> ". . . unless based on an analysis showing the cause of the reduction in the groundwater levels of the zone requiring the increases, with attention given to the effect of extractions of pumpers outside of, as well as within the zone, and with an evaluation of alternative measures which may feasibly be taken within the entire affected groundwater basin and of any alternative supplies of water available for that zone, including the availability of treated water supplied by the District or treated groundwaters or groundwaters extracted in a cleanup operation and available to the District for reuse . . ." California Water Code Appendix, §60-26.5

The amendment also specifies other information which must be contained in this report relating to amounts of groundwater produced, the costs of the recharge program in each zone, the costs of mitigating pumping effects, and a description of the benefits conferred on each zone.

The District Act has always provided that the annual Water Utility Enterprise report is to be considered on the second Tuesday of March at a public hearing. The second section of the District Act amended in 1989, Section 26.7 now provides that based upon that hearing and prior to the end of the water year in which the hearing is held, the Board can not only levy groundwater charges at fixed and uniform rates, but also:

> "The rate or rates, as applied to operators who produce groundwater above a specified annual amount, may, except in the case of any person extracting groundwater in compliance with a government-ordered program of cleanup of hazardous waste contamination, be subject to prescribed, fixed and uniform increases in proportion to increases by that operator in groundwater production over the production of that operator for a prior base period to be specified by the board, upon a finding by the board that conditions of drought and water shortage require the increases. The increases shall be related directly to the reduction in the affected zone groundwater levels in the same base period."

In response to the fifth consecutive year of drought, staff completed an analysis of the groundwater basins in the County. Staff concluded that an overproduction basic user charge was not warranted at this time.

Projected Calendar Year 1991 Water Picture

All values in acre-feet.

SUPPLY	1991
San Jose Water Company	2,000
Hetch-Hetchy (75% of 76,000 AF)	57,000
State Water Project (20% of 94,000 AF)	19,000
San Felipe Project (25% of 152,000 AF)	38,000
Yuba Water (via SBA)	26,000
Placer Water (via SBA)	12,000
Local Supply:	
Santa Clara Subbasin	85,000
Coyote and Llagas Subbasins	16,000
Supply From CVP Hardship Request/Transfer	10,000
Supply From State Drought Emergency Bank	20,000
Total Supply	285,000

USE	1991
1987 Base Year Total Use	393,000
Water Use Reductions (25% of base year)	
North County	87,000
South County	11,000
Total County	98,000
Total Use	295,000

RESULTING GROUNDWATER STORAGE CHANGE	
Santa Clara Subbasin	4,000
Coyote/Llagas Subbasin	(14,000)
Total Groundwater Storage Change	(10,000)

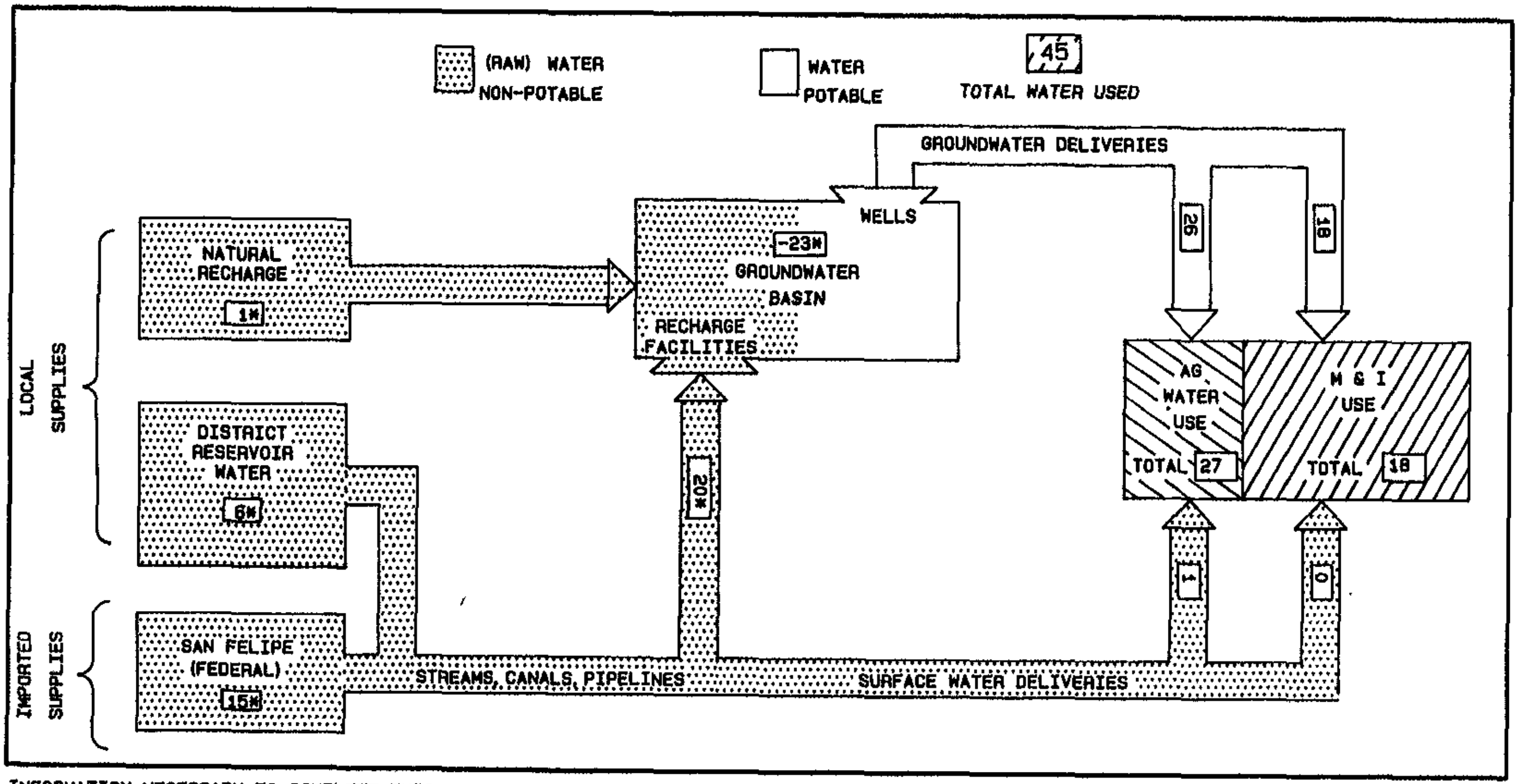
1989-90 Water Picture

The water supply and use charts represent the annual water year change in storage in the groundwater subbasins. The total water supply for the following calendar year includes the estimated groundwater storage as of October.

Rainfall in Santa Clara County during 1989-90 was about 70 percent of normal. This was the fourth consecutive drought year. Faced with very limited local supplies and a 50 percent reduction of the San Felipe Division entitlement, the District's Board of Directors, on April 1, 1990, established a mandatory 20 percent reduction from the 1987 water use in North County and a mandatory 25 percent reduction in South County. This equates to a calendar year goal of 18.5 percent countywide. Actual reduction by major water retailers in calendar year 1990 was 19 percent countywide.

Except for groundwater deliveries, information on the following charts is for water year October 1989 through September 1990. Groundwater delivery data is recorded only semiannually; therefore, it is for fiscal year July 1989 through June 1990.

WATER SUPPLY & USE
SOUTH SANTA CLARA COUNTY
(ZONE W-5)
1989-90
(VALUES IN THOUSAND ACRE-FEET)

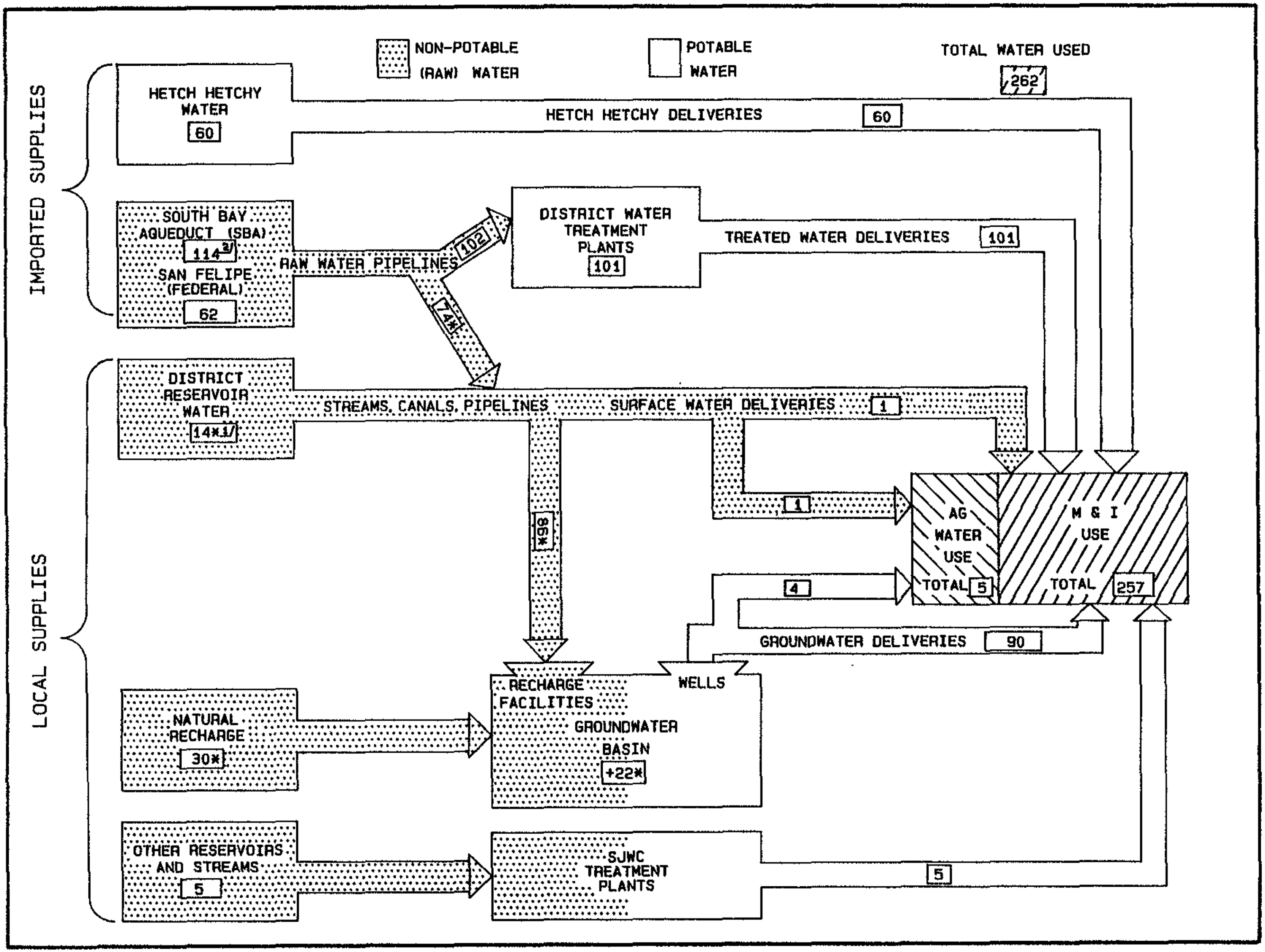


INFORMATION NECESSARY TO COMPLETE THIS DIAGRAM WAS NOT AVAILABLE AT THE TIME THIS REPORT WAS PREPARED

*PRELIMINARY - SUBJECT TO REVISION

WATER SUPPLY AND USE

NORTH SANTA CLARA COUNTY
(Zone W-2)
Water Year 1989-90
(Values in Thousand Acre-Feet)



INFORMATION NECESSARY TO FINALIZE THIS DIAGRAM WAS NOT AVAILABLE AT THE TIME THIS REPORT WAS PREPARED

1/ INCLUDES 3,000 AF OF SAN FELIPE WATER OUT OF RESERVOIR STORAGE

2/ INCLUDES WATER PURCHASED FROM YUBA COUNTY

* PRELIMINARY - SUBJECT TO REVISION

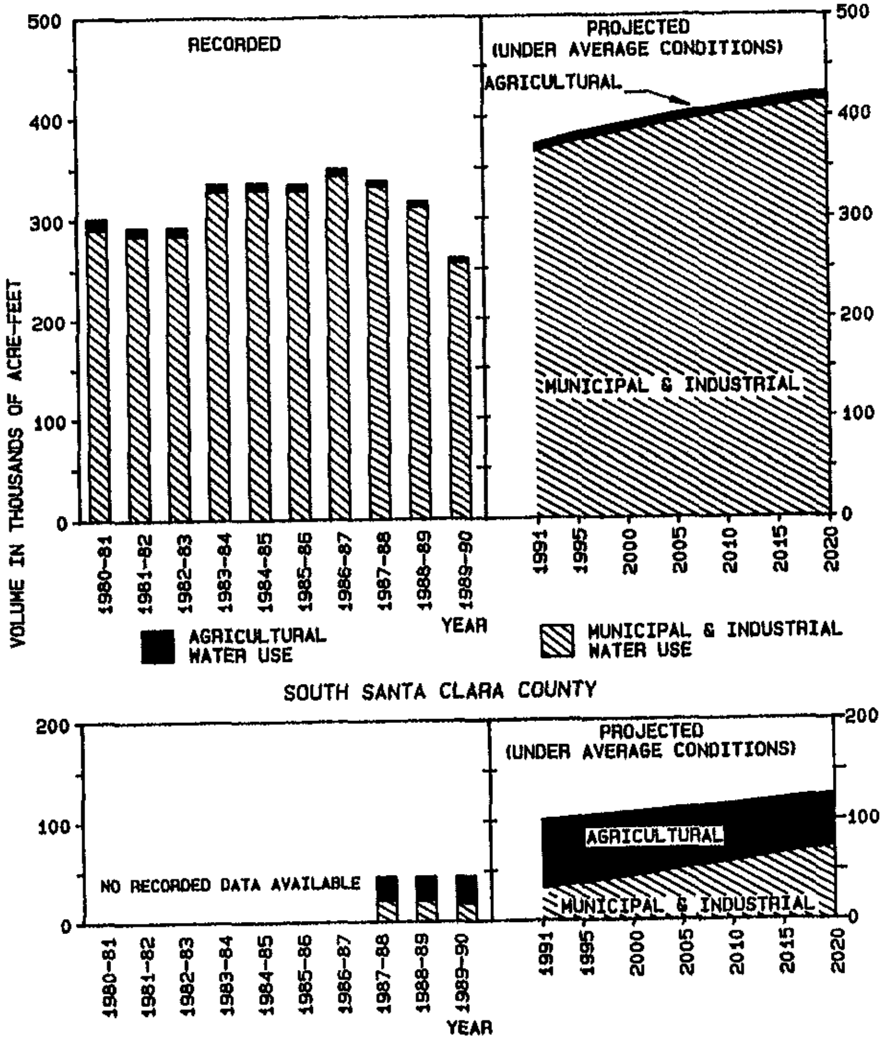
Water Use

Water use in Santa Clara County is categorized as either agricultural or municipal and industrial. Recorded North County water use since 1980-81 and South County water use since 1987-88 are shown to the right. Metcalf Road is the dividing line between North County Zone W-2 and South County Zone W-5. The North County includes the Santa Clara Valley Subbasin while both the Coyote and Llagas Subbasins are in South County.

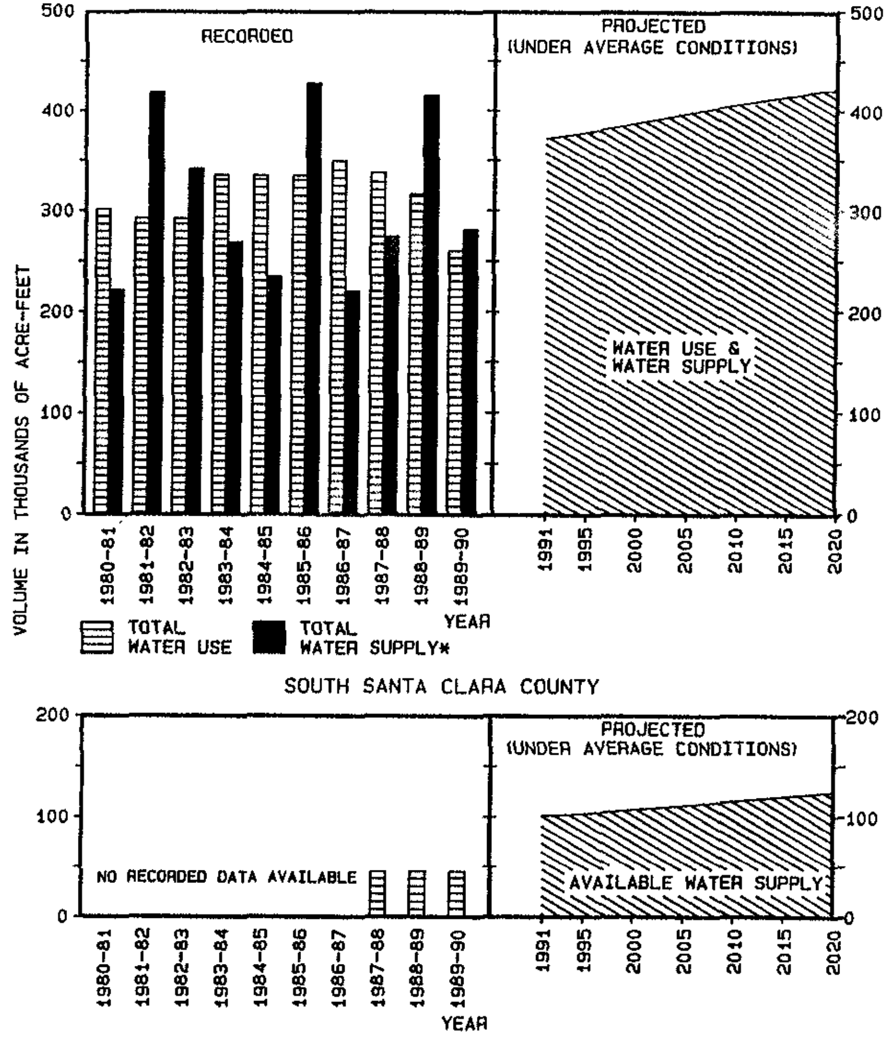
Water use in North Santa Clara County is predominantly municipal and industrial. The projections show an increase through 2020 when the total annual water use is estimated to be 420,000 acre-feet. Agricultural water use is expected to continue to decrease through 2020.

In South Santa Clara County, it is anticipated that municipal and industrial water requirements will continue to increase while agricultural requirements will decrease. Total annual water use in South Santa Clara County was projected to increase to about 125,000 acre-feet by 2020 based on land use projections.

RECORDED AND PROJECTED WATER USE
NORTH SANTA CLARA COUNTY



TOTAL WATER USE/SUPPLY AND PROJECTED WATER REQUIREMENTS
NORTH SANTA CLARA COUNTY



*THIS INCLUDES ALL RESERVOIRS EXCEPT UVAS AND CHESBRO.

Present sources of water supply in North Santa Clara County consist of locally conserved water and water imported via the South Bay Aqueduct, San Felipe Division, and Hetch Hetchy Aqueduct. The recorded annual water supply and water use in North Santa Clara County since 1980-81 are shown to the left. South Santa Clara County is supplied by locally conserved water and water imported via the San Felipe Division.

Because of the current drought, mandatory water use reduction programs were in place since 1989. 1990-91 rainfall is about 83 percent of normal; however, substantial reductions from both the State Water Project and the San Felipe Division are making this fifth year of drought critical. Therefore, the District's Board of Directors declared the 1991 mandatory water use reduction program of 25 percent for Zone W-2 and Zone W-5.

In County Water Distribution

In 1975, the District published its Master Plan describing projects required to meet projected water needs in Santa Clara County through the year 2020. That construction program is updated annually to meet changing conditions.

Calero Pipeline and Mountain View Distributary were completed in October 1990 and January 1991, respectively. The Raw Water Control System construction and computer implementation is under construction with final completion scheduled for 1995. Coyote Dam and Outlet Works Replacement is scheduled for completion in January of 1992. Milpitas Pipeline is scheduled for advertisement in fiscal year 1991-92. The Parallel East Pipeline and East Reservoir and Delivery Main are scheduled for construction during 1993 through 1996. The West Pipeline Extension and Parallel West Pipeline are scheduled for construction in 1995 through 1997. Water Treatment Plant disinfection modifications, necessary to meet the Environmental Protection Agency's disinfection by-product standards, are scheduled to begin at Santa Teresa, Rinconada, and Penitencia in 1996.

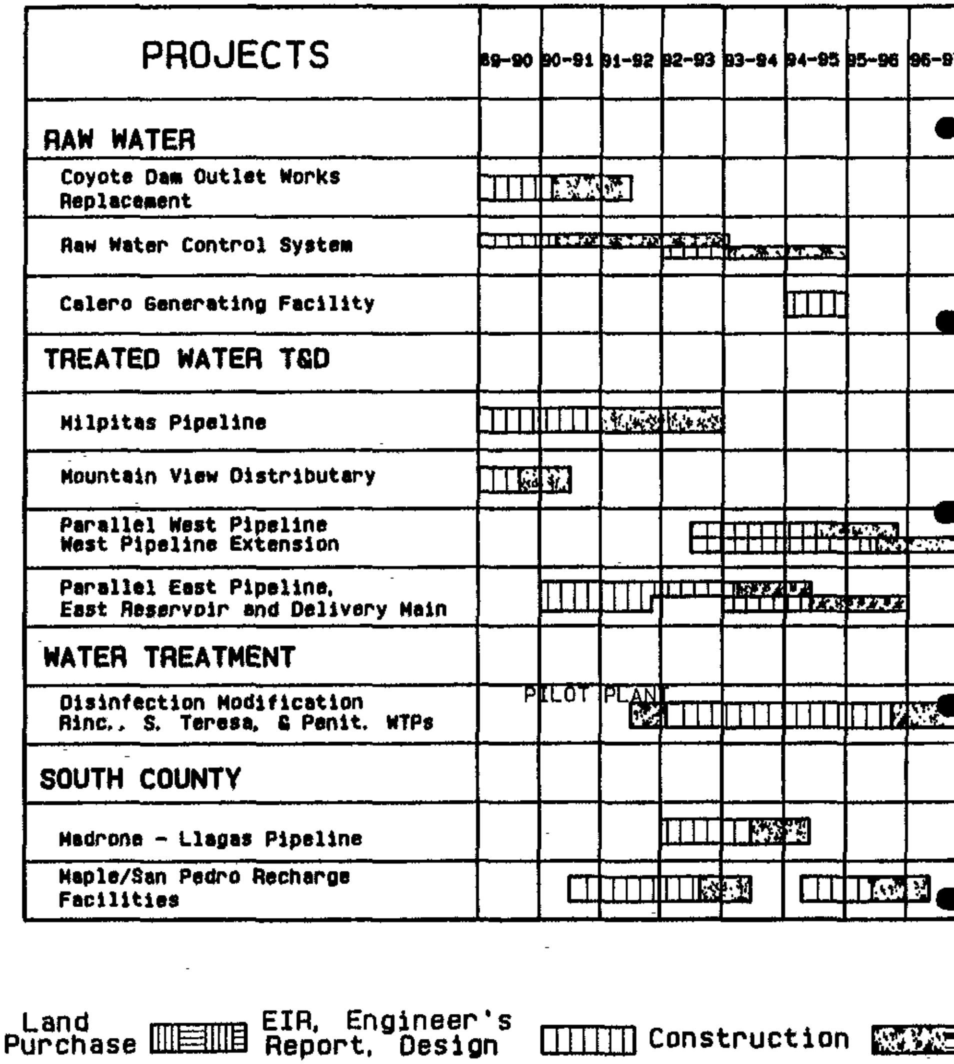
The 1983 master plan report for South Santa Clara County recommended a groundwater recharge and extraction system for meeting projected supplemental South County water needs. The Maple and San Pedro Recharge Facilities are scheduled for construction in two phases, one starting in 1993 and the second in 1996. The Madrone-Llagas Pipeline is scheduled for construction in 1994.

The Calero generating facility is tentatively scheduled for a feasibility study in 1994-95.

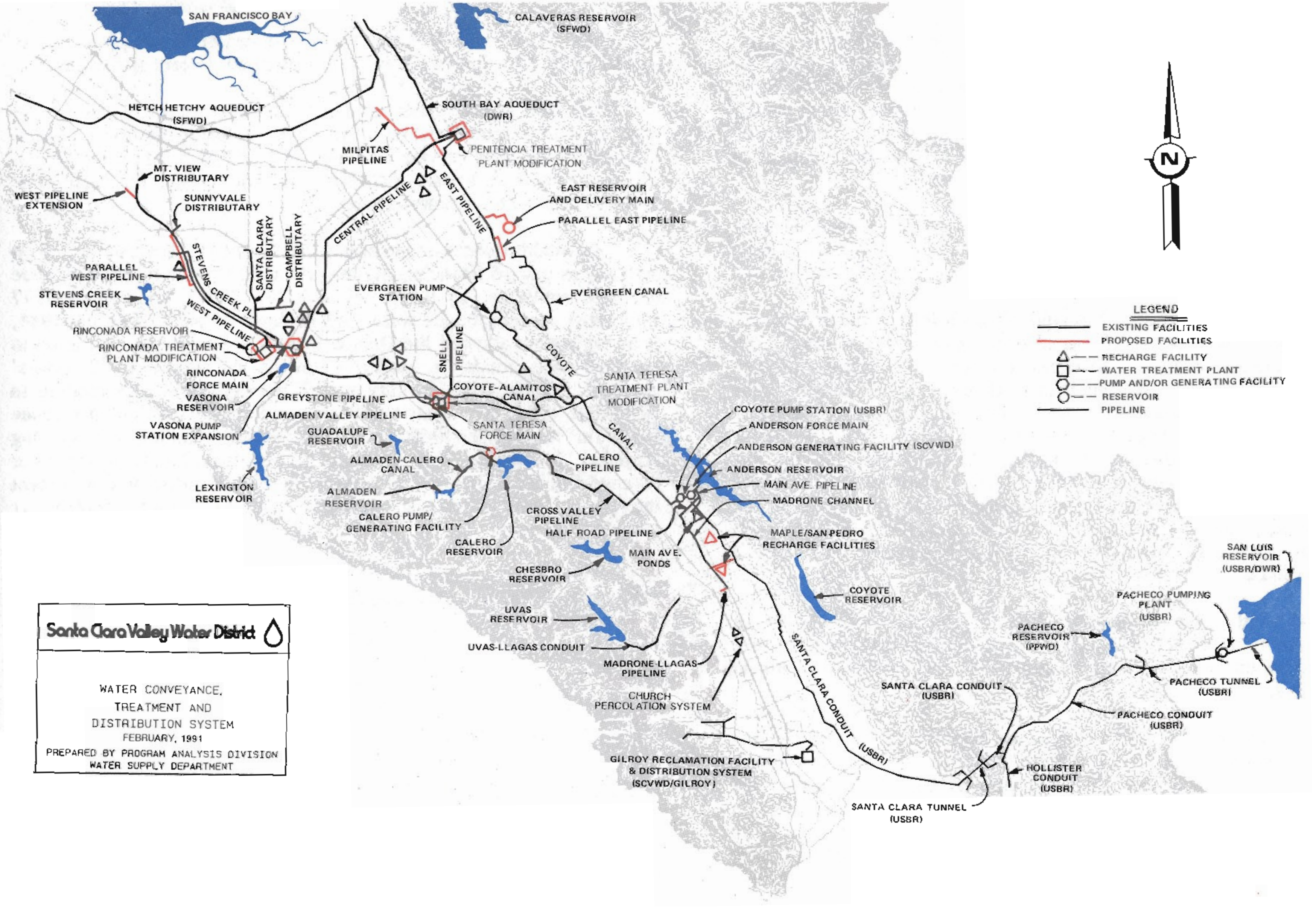
The map on the following page shows the location of the District's major existing and proposed facilities.

NEW FACILITY CONSTRUCTION PROGRAM FOR THE WATER UTILITY ENTERPRISE

1989-90 Through 1996-97



Improvement and Expansion



Sources of Revenue

The District's Board of Directors, upon recommendation of the Santa Clara Valley Water Commission, adopted the current water pricing policy in 1971. This pricing policy incorporates two important concepts in water resources management: (1) a water pooling concept in which water for a given zone of benefit is considered a single commodity with a uniform value regardless of source or cost and (2) a water management concept in which the user pays for benefits received.

Where it is possible to determine the benefits a user receives directly, the pricing policy establishes water charges. The District's major water charges are:

- A **groundwater charge** and equivalent **basic user charge**, which are associated with the benefit of water consumption. The groundwater charge is an excise tax applied to water extracted from the groundwater basin in groundwater charge Zones W-2 and W-5 shown on the map to the right. The basic user charge is applied to other types of water delivered by the District. There are two rates, one for agricultural (Ag) water and one for municipal and industrial (M&I) water. Revenue from these charges pays for the general costs of providing water and for the capital costs of constructing in-county facilities, either through "pay as you go" financing, or through debt repayment of bonds and loans.

- A **treated water surcharge**, which is associated with the benefit of receiving treated water. It is levied in addition to the basic user charge on water delivered from the District's water treatment plants.

Ad valorem taxes provide revenue to support several benefits which are general in nature serving all or large areas of the County. Some of these benefits are the availability of imported water to the County, recreation associated with the District's reservoirs, and the replenishment of the County's groundwater subbasins which has virtually halted land surface subsidence and which can provide a supply of water in drought periods.

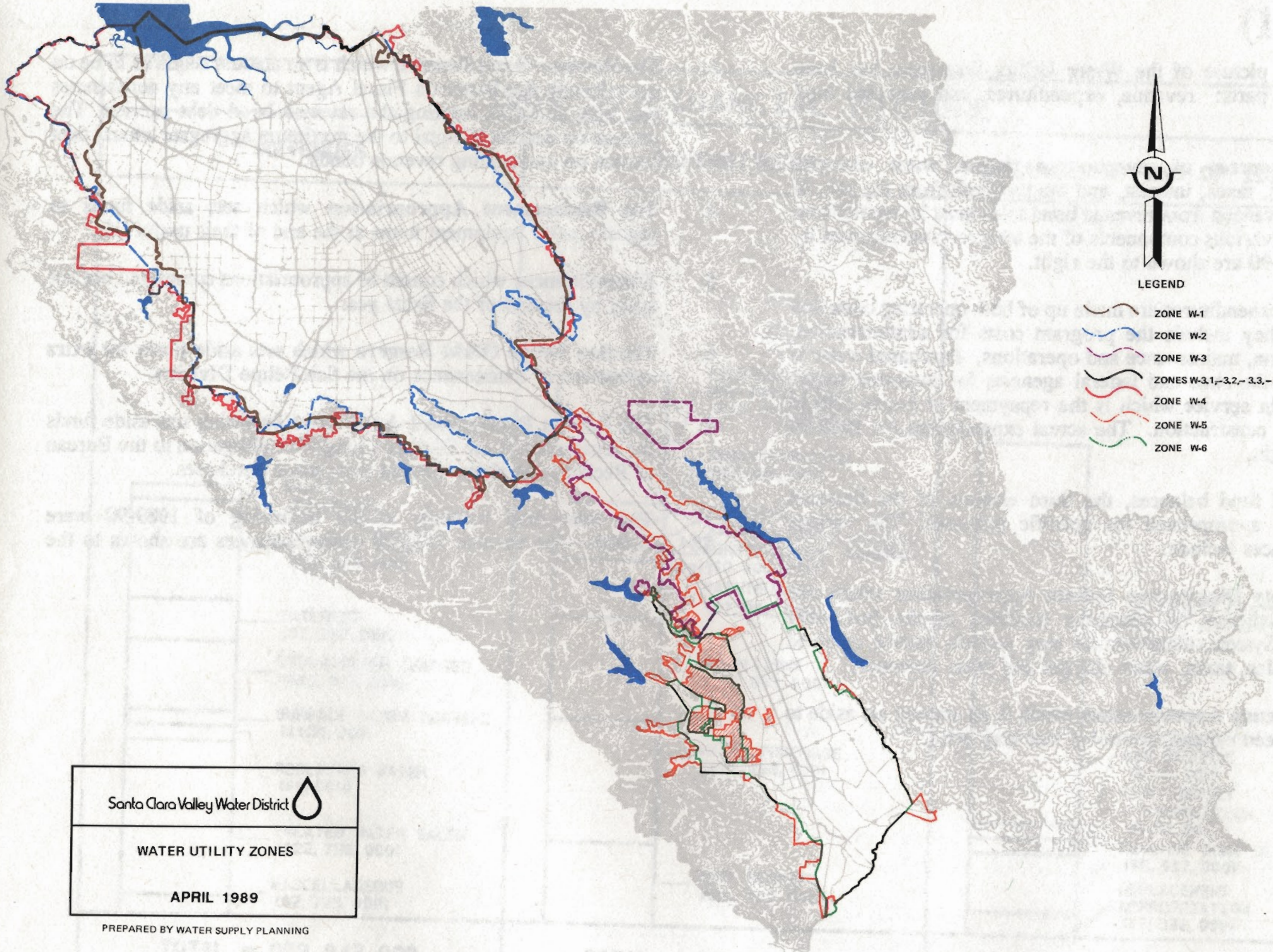
The District receives a portion of the one percent countywide tax revenues as allocated by the County Assessor based on pre-1978 District Tax levies. Tax Zones W-3 and W-4, as shown on the map, as well as a countywide ad valorem tax are part of the one percent allocation.

The District also levies additional ad valorem taxes under Article XIII A of the State Constitution to meet a) prior approved general obligation bond debt service in Zones W-1 and W-6, as shown on the map to the right and b) part of the contractual obligations for State Water Project water with a countywide tax.

To fund the construction of new facilities the District has relied on both pay as you go financing and long term debt financing from revenue bonds as authorized by the voters in 1977. The last remaining 1977 authorized revenue bonds were sold in April 1984. In January 1984, State legislation allowed the District to seek electorate authorization to issue revenue bonds as needed following the Board of Directors' approval. Santa Clara County voters approved this authorization in November 1984. The District sold an additional $30 million of revenue bonds in November 1985 to provide needed funding for ongoing projects. In August 1986, the District refunded all outstanding water revenue bonds. The refunding was for $94,935,000 at 6.8 percent interest and will generate an estimated savings of about $200,000 per year over 20 years.

The District plans to secure $10 million in revenue bonds in fiscal year 1991-92 for the purpose of financing capital improvement costs.

Related to Costs of Providing Benefits


N
LEGEND
ZONE W-1
ZONE W-2
ZONE W-3
ZONES W-3.1,-3.2,-3.3,-3.5
ZONE W-4
ZONE W-5
ZONE W-6
Santa Clara Valley Water District
WATER UTILITY ZONES
APRIL 1989
PREPARED BY WATER SUPPLY PLANNING

The Financial Picture

The financial picture of the Water Utility Enterprise has been separated into three parts: revenue, expenditures, and year end fund balances.

The major sources of revenue are treated water charges, groundwater charges, taxes, interest, and the proceeds from the sale of bonds. Revenues advanced from revenue bond sales must be repaid from water charges. The various components of the total revenue received by the District in 1989-90 are shown to the right.

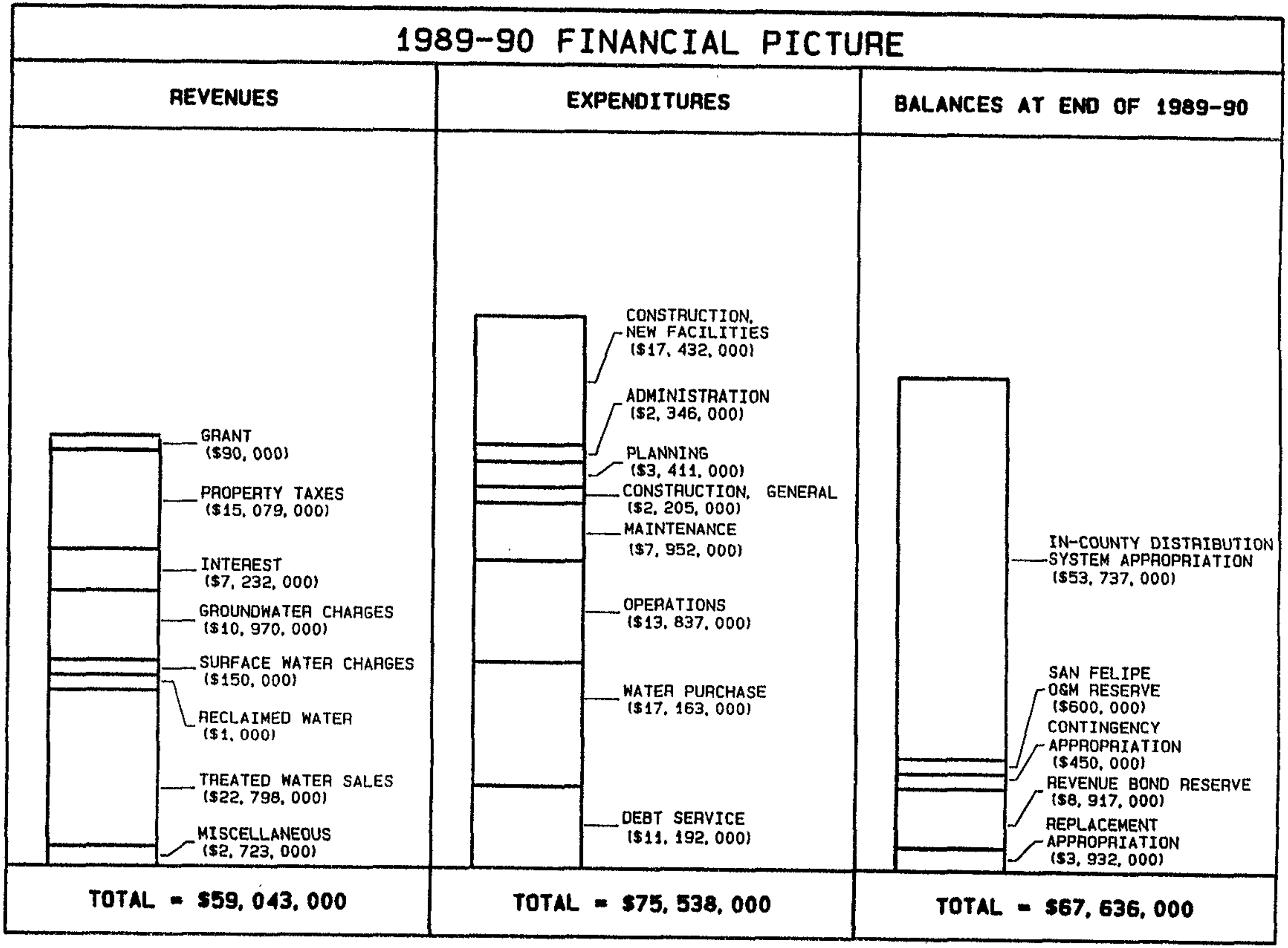
Total annual expenditures are made up of both operating costs and other expenses. They include the program costs for administration, planning, construction, maintenance and operations. Purchased water is the amount paid to the state and federal agencies for imported water. Also included is debt service which is the repayment of bonds sold to finance new facility construction. The actual expenditures for 1989-90 are shown to the right.

The year-end fund balances, the third element of the financial picture, have been appropriated for specific purposes. The various year-end fund balances include:

1. The **In-County Distribution System Appropriation** which will finance construction of necessary facilities of the In-County Distribution System. This balance may include monies received from bond sales, taxes, water charges and other revenues.
2. The **Contingency Appropriation** which is an amount set aside to meet unforeseen expenditure needs that may arise.
3. The **Revenue Bond Reserve** which is an amount required to be on deposit with the District's Fiscal Agent to meet any deficiencies that may occur in meeting the revenue bond debt service. The amount on deposit is equal to the maximum aggregate annual debt service on outstanding revenue bonds.
4. The **Replacement Appropriation** which sets aside funds to replace major equipment items at the end of their useful life.
5. **Encumbrances** which consist of appropriations committed but not spent by the end of the fiscal year.
6. The **San Felipe O&M Reserve** which sets aside funds for extra operations or maintenance on the San Felipe Division.
7. The **Bureau Replacement Appropriation** which sets aside funds for repayment of the District's long term obligation to the Bureau of Reclamation above current year water purchases.

The total fund balances at the beginning of 1989-90 were $84,131,000. The various 1989-90 ending balances are shown to the right.

# of the Water Utility Enterprise (1989-90)



Financial Estimates

The 1990-91 revenues, expenditures, and year-end balances for the 1990-91 fiscal year as estimated in February 1991 are shown in the chart on the opposite page.

Revenue from groundwater charges and raw surface water sales are collected semi-annually in the month following the six-month period in which the water was used. Therefore, the 1990-91 revenue projections include six months of 1989-90 and six months of 1990-91 groundwater deliveries. In Zone W-2, the M&I rate was $135.00 per acre-foot in 1989-90 and the Ag rate was $31.25 in 1989-90. In 1990-91, the M&I rate was $175.00 per acre-foot and $43.75 per acre-foot for Ag. In Zone W-5 the M&I rate was $26.00, and the Ag rate was $6.50 for 1989-90. In 1990-91, the rates were $46.00 per acre-foot for M&I and $11.50 per acre-foot for Ag.

The contract treated water sales revenue for 1990-91 is based on the basic user rate of $175 and the treated water surcharge rate of $70 for a combined rate of $245 per acre-foot.

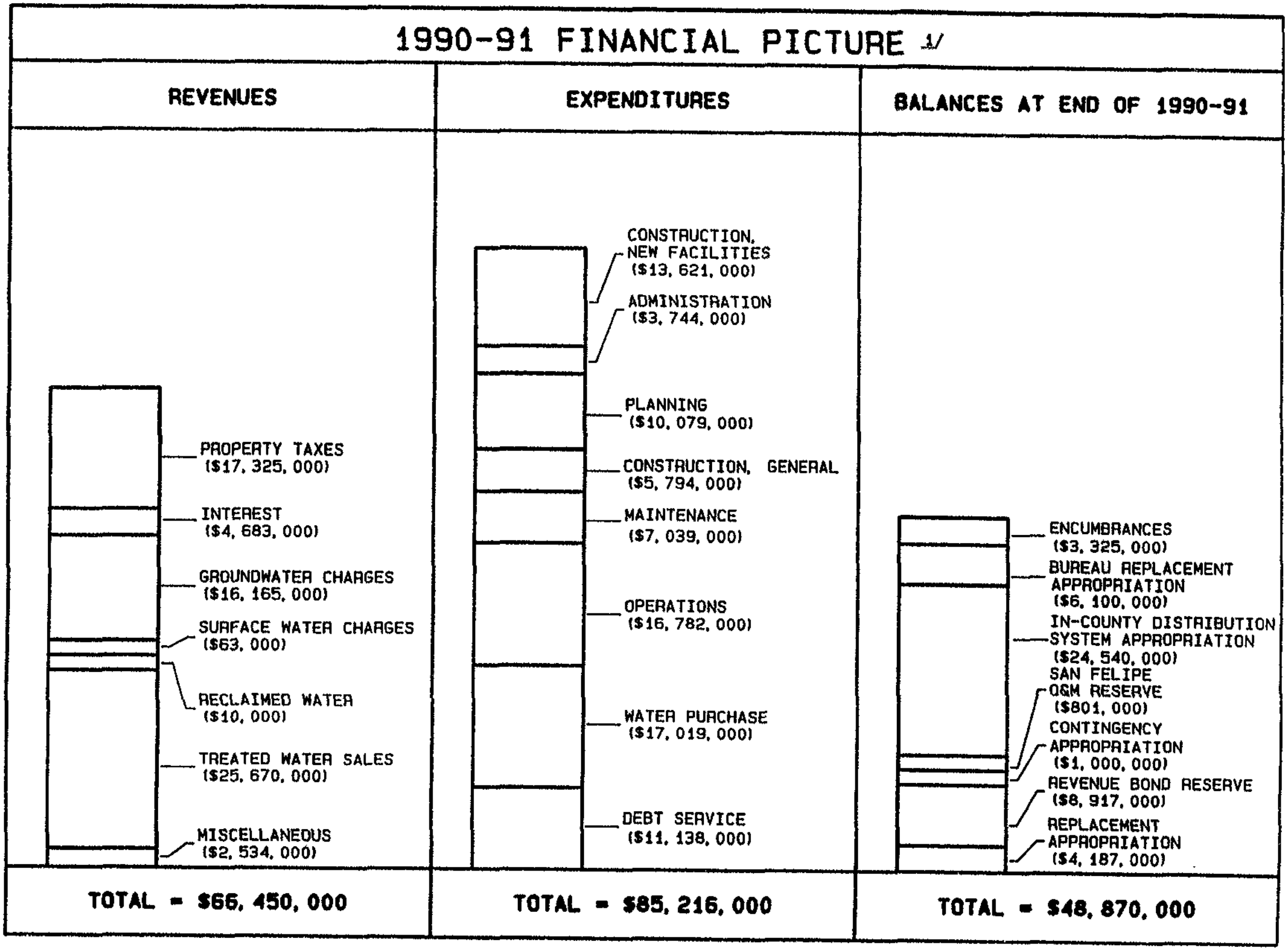
Estimated revenue from property taxes include income from the one percent allocation ($7,704,000), from debt services taxes ($2,201,000), and from the State Water Project Tax ($7,420,000).

The estimated 1990-91 expenditures are as shown in the chart on the opposite page. The construction expenditures are not the total contract amounts. Only the estimated dollars spent (cash outflow) during the year are shown in the chart and discussed on this page as expenditures. The remaining contract amount encumbered for future years' expenditures are included in the year end balances.

The major expenditures for 1990-91 are the land purchase for and design of the Milpitas Pipeline ($2,400,000) and the design and construction of the Raw Water Control System ($2,136,000), construction of the Mountain View Distributary ($1,662,000), and the construction of the replacement of the Coyote Dam Outlet Works ($4,733,000). Additional expenditures include $600,000 for planning of the Parallel East Pipeline and $481,000 for planning of the Maple and San Pedro Recharge Facilities.

The budgeted cost of imported water is $11,000,000 for water from the State Water Project and Yuba County water. It is estimated that the actual cost from the State Water Project will be approximately $500,000 less due to reduced deliveries. In fiscal year 1990-91, 100,000 acre-feet of water was delivered through the South Bay Aqueduct. Of this, approximately 29,000 acre-feet was Yuba County water and 71,000 acre-feet was State Water Project water. $6,500,000 is budgeted for water from the San Felipe Division of the federal Central Valley Project. Because the District decided to set aside additional dollars to pay the estimated interest on the District's share of the federal facilities, the total San Felipe cost is $10,300,000. In fiscal year 1990-91, the District received 68,000 acre-feet of water from San Felipe.

for the Current Year
(1990-91)



1/ ESTIMATED IN JUNE 1991

Financial Projections

Revenues as projected in May 1991 for fiscal year 1991-92 are shown on the opposite page. The projected revenues are based on groundwater charges and basic user rates for groundwater extractions and raw surface water deliveries made in the latter half of 1990-91 and the first half of 1991-92 and for treated water throughout the fiscal year. In Zone W-2, the basic user rate is $262 per acre-foot for M&I water and $43.75 per acre-foot for Ag water for 1991-92. The treated water surcharge rate for 1991-92 is $70 per acre-foot for a total treated water charge of $332 per acre-foot. In Zone W-5, the corresponding rates for groundwater extractions and raw surface water for 1991-92 are $117 per acre-foot for M&I water and $11.50 per acre-foot for Ag water.

The projected revenues from taxes include the one percent allocation ($7,858,000), the debt service taxes ($2,209,000), and the State Water Project tax ($7,947,000).

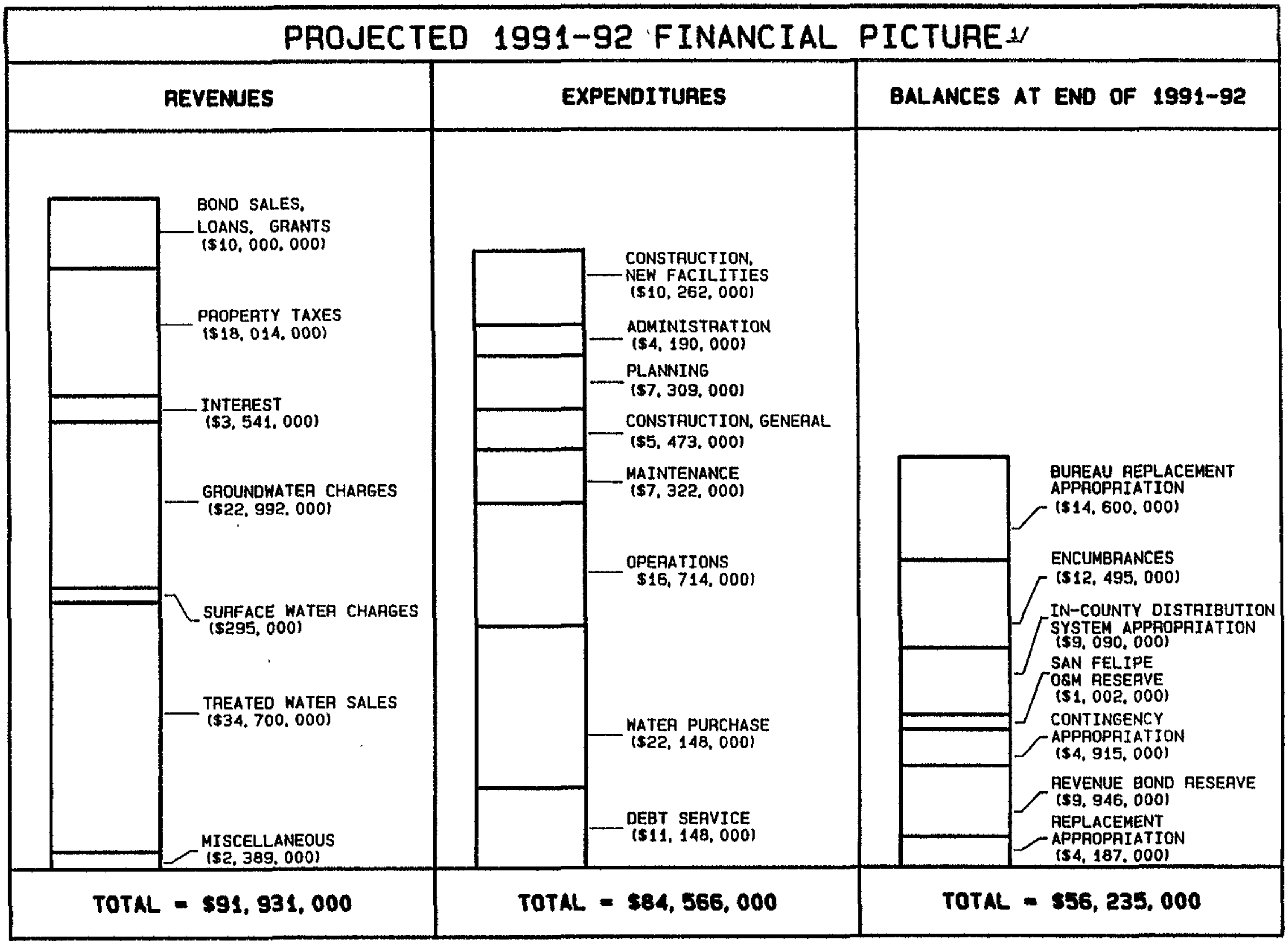
Projected expenditures for 1991-92 include costs to operate and maintain the existing facilities, to purchase the State Water Project, San Felipe Division, and additional water, and to design and build new facilities.

The projected 1991-92 expenditures shown on the opposite page and discussed on this page are anticipated actual expenditures, not contract amounts. Estimated dollars remaining to fulfill outstanding contract obligations are shown as encumbrances at the end of 1991-92.

Major costs are Coyote Dam outlet works replacement construction ($1,136,000), Raw Water Control System design and construction ($2,467,000), evaluating water treatment plant disinfection modifications with a pilot plant ($1,731,000), Milpitas Pipeline construction ($4,351,000), Parallel East Pipeline planning and design ($1,666,000), and Maple and San Pedro Recharge Facilities ($200,000).

The cost of the imported water from the State Water Project is estimated at about $10,048,000 in 1991-92. Imported water from the San Felipe Project in 1991-92 is projected to cost $14,000,000 of which $5,500,000 will be paid to the Bureau for an estimated 90,000 acre-feet of water.

for the Next Fiscal Year
(1991-92)



1/ ESTIMATED IN JUNE 1991

Summary of

The financial information in the table at the right summarizes the revenues, expenditures, and balances presented in the preceding pages. Also included is the financial information for fiscal years 1987-88 and 1988-89. The expenditures shown are cash flow expenditures, funds actually spent in that fiscal year. Fiscal year 1991-92 construction contract obligation is the sum of the construction expenditure and the encumbrance balance for that year. Encumbrances from fiscal year 1990-91 are expenditures in fiscal year 1991-92.

the Financial Picture

	Actual 1987-88	Actual 1988-89	Actual 1989-90	Budget 1990-91	Projected 1991-92
Revenues					
Bond Sales, Loans, Grants	$0	$0	$90,000	$0	$10,000,000
Property Taxes	$14,842,000	$15,708,000	$15,079,000	$17,325,000	$18,014,000
Interest	$8,177,000	$7,104,000	$7,232,000	$4,683,000	$3,541,000
Groundwater Charges	$16,615,000	$15,838,000	$10,970,000	$16,165,000	$22,992,000
Surface Water Charges	$166,000	$188,000	$150,000	$63,000	$295,000
Reclaimed Water	$0	$0	$1,000	$10,000	$0
Treated Water Sales	$17,568,000	$20,112,000	$22,798,000	$25,670,000	$34,700,000
Miscellaneous	$1,998,000	$1,347,000	$2,723,000	$2,534,000	$2,389,000
Total Revenues	$59,366,000	$60,297,000	$59,043,000	$66,450,000	$91,931,000
Expenditures					
New Facility Construction	$43,299,000	$19,295,000	$17,432,000	$13,621,000	$10,262,000
Administration	$1,731,000	$2,375,000	$2,346,000	$3,744,000	$4,190,000
Planning	$1,890,000	$2,375,000	$3,411,000	$10,079,000	$7,309,000
Construction, General	$1,695,000	$1,639,000	$2,205,000	$5,794,000	$5,473,000
Maintenance	$4,343,000	$5,186,000	$7,952,000	$7,039,000	$7,322,000
Operations	$10,465,000	$12,201,000	$13,837,000	$16,782,000	$16,714,000
Water Purchase	$12,647,000	$13,884,000	$17,163,000	$17,019,000	$22,148,000
Debt Service	$11,137,000	$11,188,000	$11,192,000	$11,138,000	$11,148,000
Total Expenditures	$87,207,000	$68,143,000	$75,538,000	$85,216,000	$84,566,000
Balances					
Encumbrances	$0	$0	$0	$3,325,000	$12,495,000
In-County Distribution System	$79,441,000	$70,865,000	$53,737,000	$24,540,000	$9,090,000
San Felipe O&M Reserve	$200,000	$400,000	$600,000	$801,000	$1,002,000
Contingency Appropriation	$34,000	$450,000	$450,000	$1,000,000	$4,915,000
Revenue Bond Reserve	$8,917,000	$8,917,000	$8,917,000	$8,917,000	$9,946,000
Replacement Appropriation	$3,500,000	$3,500,000	$3,932,000	$4,187,000	$4,187,000
Bureau Replacement Appropriation	$0	$0	$0	$6,100,000	$14,600,000
Total	$92,092,000	$84,132,000	$67,636,000	$48,870,000	$56,235,000

Water Charges

Groundwater charges and equivalent basic user rates to be levied in 1991-92 in Zone W-2 and Zone W-5 are summarized in Table I and Table II, respectively. The countywide ad valorem State Water Project Tax will be levied to generate $7,947,000.

TABLE I - FOR FISCAL YEAR 1991-92

GROUNDWATER CHARGES AND BASIC USER RATES IN ZONE W-2

Agricultural Water (Ag)	$43.75/Acre-Foot
Nonagricultural Water (M&I)	$262.00/Acre-Foot

TABLE II - FOR FISCAL YEAR 1991-92

GROUNDWATER CHARGES AND BASIC USER RATES IN ZONE W-5

Agricultural Water (Ag)	$11.50/Acre-Foot
Nonagricultural Water (M&I)	$117.00/Acre-Foot

for 1991-1992

WATER COMPONENTS AND WATER CHARGES
FOR FISCAL YEAR 1991-92

COMPONENTS		CHARGES		
Component	**Rate**	**Type of Charge**	**AG Water**	**M&I Water**
Basic User, Zone W-2		**Groundwater**		
Agricultural	$ 43.75/AF	Zone W-2	$43.75/AF	$262.00/AF
Municipal and Industrial	262.00/AF	Zone W-5	11.50/AF	117.00/AF
Basic User, Zone W-5		**Surface Water**[1]		
Agricultural	11.50/AF	Evergreen Deliveries[2]	72.00/AF	N/A
Municipal and Industrial	117.00/AF	Half Road Deliveries[3]	26.00/AF	131.50/AF
		Other Zone W-5 Deliveries[4]	23.25/AF	128.75/AF
Treated Water Surcharge		Other Zone W-2 Deliveries[5]	55.50/AF	273.75/AF
Contract	70.00/AF	Minimum Charge - Zone W-5	87.75/YR	87.75/YR
Noncontract	50.00/AF	Minimum Charge - Zone W-2	196.50/YR	196.50/YR
Water Master	11.75/AF	**Stored Water**		
		Zone W-2	43.75/AF	262.00/AF
Capital Cost		Zone W-5	11.50/AF	117.00/AF
Half Road Lateral System	2.75/AF			
		Treated Water[6]		
		Contract	—	332.00/AF
		Noncontract	—	312.00/AF
		Reclaimed Water		
		Gilroy	20.00/AF	80.00/AF

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[1] Surface water charge is the sum of the basic user plus the water master. It also includes the capital cost and power wherever applicable.

[2] Evergreen agricultural delivery charges remain the same as 1988-89 through calendar 1991. For the next four years, in addition to the 1988-89 rate, users will pay 50 percent of the City of San Jose's wheeling charge. The District no longer delivers M&I water to the Evergreen Area.

[3] Half Road = Basic User (AG or M&I @ $11.50 or $117.00) + Water Master ($11.75) + Capital ($2.75).

[4] Other Zone W-5 Deliveries = Basic User (AG or M&I @ $11.50 or $117.00) + Water Master ($11.75).

[5] Other Zone W-2 Deliveries = Basic User (AG or M&I @ $43.75 or $262.00) + Water Master ($11.75).

[6] Treated Water Charge is the sum of Basic User ($262.00) and Treated Water Surcharge ($70.00).